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SIPDIS
SENSITIVE

TREASURY FOR ALIKONIS
DEPT PLS PASS USTR FOR CKLEIN/PBURKHEAD/EPORTER
USDOC FOR 4231/ITA/OEENIS/NISD/CLUCYK
USDA/FAS/OCRA FOR JFLEMINGS/DADAMS
USDA/FAS/OGA FOR ROMEARA/JLAGOS
USDA/FAS/PECAD FOR MLINDEMAN

E.O. 12958: N/A
TAGS: [ETRD](#) [EAGR](#) [TBIO](#) [UP](#)
SUBJECT: ENCOURAGING UKRAINE TO HELP ALLEVIATE THE GLOBAL
FOOD CRISIS

REFS: A) KYIV 980
B) STATE 52628
C) STATE 53353
D) STATE 53346
E) KYIV 198
F) 2007 STATE 160639

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11. (SBU) Summary: Post has delivered points contained in refs B-D regarding the President's Global Food Security Initiative and agricultural trade issues. On May 21, the GOU moved to cancel restrictions on grain exports. We continue to work with Ukraine on introducing a regulatory framework to allow for the use of products of biotechnology; here, the GOU has made progress but is being slowed by the Ministry of Environment, which remains ideologically opposed to biotech. End Summary.

12. (U) Post has delivered ref B points regarding the President's Global Food Security Initiative to several GOU interlocutors, focusing on the issues of export restrictions and biotechnology (refs C-D), which have been long-standing topics of our bilateral trade discussions. Special Representative for Commercial and Business Affairs Frank Mermoud raised the topic with Serhiy Korsunsky, Director of the MFA's Economic Cooperation Department, on May 20 and with Valentyna Zavalevska, Deputy Minister of Agriculture, on May 21. EconOff also approached the local World Bank office to discuss a possible joint demarche. Martin Raiser, World Bank Economic Adviser, told us on May 23 that he did not believe a joint message was necessary, as the World Bank had just a few days before issued a public statement urging Ukraine to abolish restrictions on food exports.

Progress on Export Restrictions

13. (U) Both Korsunsky and Zavalevska opined that the GOU would soon move to cancel restrictions on grain exports due to the good harvest. On May 21, the Cabinet of Ministers did in fact vote to eliminate the restrictions, effective immediately (ref A). The Cabinet did vote to retain a quota of 300,000 tons for sunflower oil exports up to September 1, but President Yushchenko issued a decree May 28 overturning the quotas. Therefore, the status of these restrictions remains in doubt.

¶4. (SBU) As part of our bilateral WTO Market Access Agreement of March 2006, Ukraine promised to "establish a policy based on modern risk assessment principles and guidelines" in regulating products derived from modern agricultural biotechnology. Law 1102-V, "On the State System of Biosafety in Creating, Testing, Transporting and Using Genetically-Modified Organisms," adopted by the Rada (parliament) in May 2007, established the broad legal framework for a biotech regulatory system.

¶5. (SBU) GOU agencies still need to issue implementing regulations in order for the system to become operable, however. We have repeatedly urged the GOU to issue these regulations as soon as possible and have noted the importance of this commitment made by Ukraine in our bilateral agreement. We have also provided technical assistance to the GOU to assist in drafting the necessary implementing regulations. Drafts of most of the nine required regulations have progressed well, but some staff at the Ministry of Environment continue to oppose biotechnology on an ideological basis and appear to be blocking the process. Post intends to continue dialogue with the GOU on establishing a fair regulatory environment and is planning public outreach efforts to broaden support for biotechnology (refs E-F).

TAYLOR